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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: February 01, 2007

Gusenbauer Presents Program

¶1. Austrian Chancellor Alfred Gusenbauer presented the SPOe-OeVP coalition's government program in the Upper House of Parliament, the Bundesrat, yesterday. Key issues on his agenda, the Chancellor emphasized, are cutting unemployment by providing better education and training opportunities, and implementation of tax reform in 2010.

Improvements in education, such as an education or training guarantee for youths under the age of 18 or limiting the number of students in Austrian classrooms to 25, are some of the measures the Chancellor proposed to cut unemployment. Gusenbauer also wants to push for maximum flexibility and liberalization of the job market, and introduce measures to crack down on illegal employment. While he did not comment on the controversial issue of university study fees, he praised the planned flexibilization of child benefit payments as an "opportunity for many women," independent provincial daily Salzburger Nachrichten online writes. Key to his economic growth strategy is a planned investment of three percent of GDP in research and development. Joblessness must be cut and public spending reduced in order to facilitate the tax reform round planned for 2010, Gusenbauer said.

US Criticizes Austria over Iran

¶2. US President Bush has called on Europeans to adopt a much tougher stance on Iran in the controversy over Tehran's nuclear ambitions. Washington has also set its sights on Austria: A report in the New York Times cites Austria, Italy, Germany, France, Britain, Spain, The Netherlands and Sweden as "being a thorn in the Bush administration's side" because of these countries' "extensive business relations" with Tehran, particularly in the energy sector. Austrian media suggest this could lead to a new rift in US-EU relations.

All Austrian media report the US has increased pressure on Europe to cut its business ties with Iran. In this context, Austria has also come to the United States' attention, mass-circulation daily Kurier writes. The conflict over Tehran's nuclear ambitions is increasingly becoming a burden for Europe's "booming business relations" with Iran, foreign affairs writer Konrad Kramar states. For many EU states, including Austria, political pressure and flourishing trade relations was not a contradiction in terms: Regardless of the row over Iran's nuclear program, companies from London to Vienna incurred double-digit export increases over the past few years. Now, Washington is no longer willing to accept this situation, and has begun to put pressure on companies, in particular banks, known to do business with Iran. Europe, the Secretary of State recently

demanding, "has to massively increase pressure on Iran. Austria is likely to be affected by Washington's move as well: Although the Economic Chamber declined to identify any businesses, representatives have explained that almost all of the country's major business-oriented companies have business relations with Iran. Should push come to shove, the Kurier says, Austrian exporters are likely to look for loopholes by avoiding direct deliveries and exporting their goods via countries like the Arab emirates.

Building Restituted To Heir

13. The 90 year-old heir of a Jewish businessman, who owned the property before fleeing Nazi-ruled Austria in the late 1930s, has been awarded a building in Vienna by an Austrian restitution body. The ruling will benefit Maria Altmann, now a resident of California. The value of the property, used by the Austrian Federal Railways OeBB since it was expropriated by the Nazis, is estimated at 4 to 5 million Euros. The Austrian government must now affirm the restitution panel's decision before it can take effect, according to semi-official daily Wiener Zeitung.

US Money Squandered in Iraq

14. Billions of dollars in US taxpayers' money have been squandered in Iraq, according to an investigation carried out by a team of special US government inspectors. They found that much of the money was used for unnecessary projects or simply wasted through corruption. Special Inspector General Stuart Bowen emphasized that corruption "continues to be a problem in Iraq. The country's Board of Supreme Audit, the Commission on Public Integrity and the Iraqi Inspectors General are engaged in hundreds if not thousands of cases addressing repeated instances of corruption."

ORF radio early morning news Morgenjournal quotes US Special Inspector General Stuart Bowen as emphasizing that corruption "is a huge problem within the Iraqi government. Unless it is taken on and rolled back, it is going to be very difficult to succeed in Iraq." American taxpayers have so far paid about 300 billion dollars for the war and reconstruction efforts in Iraq, ORF radio notes. Semi-official daily Wiener Zeitung meanwhile writes that Secretary of State Rice has criticized the Iraqi government for its shortfalls: In a report, Rice said the government in Baghdad had failed to implement many of its reform promises: It missed the deadline for holding elections for provincial governments, has not distributed oil revenues according to expectation, and continues to exclude Sunnis from many political offices. Rice's report shows that the government of Premier al-Maliki will not succeed in fully implementing any of the reform goals set for March 2007.

Senate Agrees on Joint Iraq Resolution

15. The authors of two separate resolutions in the US Senate criticizing US President Bush's Iraq course have agreed on a joint text. The compromise resolution was drawn up by Democratic Senator and Armed Services Committee chairman Carl Levin, and his Republican predecessor John Warner, Senator Susan Collins said in Washington yesterday. Collins underscored it is "important that the Senate officially declares itself opposed to the President's plan to deploy an additional 21,500 US troops to Iraq."

Meanwhile, liberal daily Der Standard writes that Iraq remains the number-one foreign policy topic in the US when it comes to the Democratic presidential hopefuls' strategies to outline their respective positions. Foreign affairs writer Christoph Winder says, the "main issue of the attempts of Democratic Senators such as Hillary Clinton and Barack Obama to position themselves as presidential candidates is, as would be expected, the Iraq war. (...) However, President George W. Bush has already signaled clearly that he does not intend to take the Iraq preferences of the ladies and gentlemen in the Senate into consideration. Instead of withdrawal, his motto continues to be enlargement of the troop contingent. This has consequences for all the participants in this conflict: For one, the muscle flexing between the President and Congress will increase considerably. Also, the pressure on the opponents of the Iraq engagement, such as Clinton and Obama, not to

simply provide lip service will grow. If they want to remain credible for their voters on this issue, they will, in the long run, have to work out a way of cutting off congressional funds for the next step in the escalation. Under such circumstances one must be prepared not just for an overlong but also for an excessively tough election campaign in the US."

McCaw